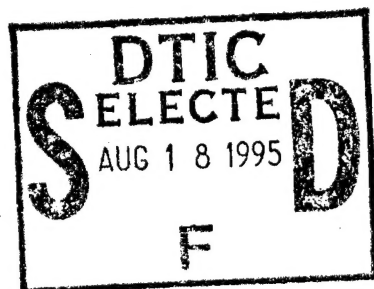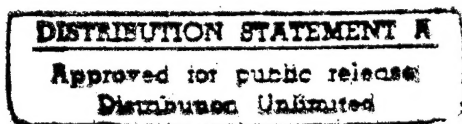# COMMAND OVERSIGHT, ASSISTANCE AND RESOURCE (COAR) REVIEW

SEMIANNUAL SUMMARY REPORT

FOR THE PERIOD
JAN - JUN 1995

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Contents

INTRODUCTION

This report contains results of Defense Contract Management District West's (DCMDW) Command Oversight, Assistance and Resource (COAR) reviews conducted during January through June 1995. The purpose of this report is to share lessons learned throughout DCMDW and thereby create new opportunities for improvement. This report will also provide insight into the improved COAR process.

In December of 1993, the COAR team was formed in order for DCMDW to comply with the "One Book" requirement, DLAD 5000.4, Part II, Chapter 9, Assessment Architecture Process (formerly DLAM 8000.5). The primary objective was to evaluate the Contract Administrative Offices (CAOs) compliance with regulatory requirements (i.e., DLAMs, DFARs, FARs, etc.). Other objectives were to provide the CAOs with assistance and recommend resource levels based on actual workload.

During the latter part of 1994, COAR reviews took on a fourth objective to assess the CAO's implementation of their Unit Self Assessments (USA) in accordance with the 1994 DCMC Quality Improvement Criteria (QIC).

This report is divided into three sections: Section I describes the COAR process and standards. Section II covers the COAR organization and augmentee participation. Section III summarizes Benchmarks and Best Practices along with systemic findings. This last section also ranks the CAOs by number of findings and summarizes CAO feedback.

SECTION I -
COAR PROCESS

Mission

The Mission and Resource Evaluation Group (DCMDW-OM), within the Operations Support Directorate, provides field office assistance, performs mission oversight, analyzes performance and assesses resources. The Group schedules Command Oversight, Assistance and Resource reviews (COARs) at Contract Administration Offices (CAOs) and ensures resultant recommendations are implemented. A multifunctional team of experts has been assembled to manage and conduct the reviews. They are supported by a data analysis team, the Operations Support Directorate's Process Champions, personnel from DCMC HQs and District HQs Principle Staff Elements, and field office augmentees. The COAR reviews identify those CAO processes that can be considered as best practices and disseminates these throughout the District. Additionally, deficiencies are also noted so that CAOs may direct management's attention to potential problem areas. The goal of the COAR is to leave field activities a better place by giving assistance on how they can do business quicker, better and more economically.

Offices Reviewed During Reporting Period

Five COAR reviews were conducted during the first half of calendar year 1995. All reviews were performed without any change in the planned schedule. The DCMDW Performance Goal is to complete ten (10) reviews per Fiscal Year. The COAR team expects to accomplish this goal.

CAO	DATE
DCMAO San Diego	17 - 27 Jan 95
DCMAO Phoenix	21 Feb - 3 Mar 95
DPRO McDonnell Douglas	27 Mar - 31 Mar 95
DCMAO Chicago	18 Apr - 5 May 95
DCMAO Santa Ana	30 May - 16 Jun 95

Complete List of Offices Reviewed and Scheduled

REVIEWED

DATES

DPRO McDonnell Douglas, Mesa	24 - 28 Jan 94
DPRO Hughes, Fullerton	14 - 18 Feb 94
DPRO Hughes, Los Angeles	22 - 25 Feb 94
DPRO TRW, Redondo Beach	7 - 11 Mar 94
DPRO FMC, San Jose	28 Mar - 1 Apr 94
DCMAO Denver	24 Apr - 6 May 94
DPRO Martin Marietta, Denver	9 - 18 May 94
DCMAO St. Louis	20 Jun - 01 Jul 94
DPRO McDonnell Douglas, St. Louis	18 - 29 Jul 94
DPRO Boeing Military Airplanes, Wichita	08 - 12 Aug 94
DCMAO Wichita	15 - 26 Aug 94
DPRO United Defense, Minneapolis	12 - 16 Sep 94
DPRO Honeywell, Minneapolis	19 - 23 Sep 94
DCMAO Twin Cities	11 - 21 Oct 94
DPRO Thiokol, Brigham City	2 - 10 Nov 94
DCMAO San Diego	16 - 27 Jan 95
DCMAO Phoenix	21 Feb - 3 Mar 95
DPRO McDonnell Douglas, Huntington Beach	27 - 31 Mar 95
DCMAO Chicago	18 Apr - 4 May 95
DCMAO Santa Ana	30 May - 16 Jun 95

SCHEDULED

DATES

DCMAO Seattle	10 - 21 Jul 95
DCMAO Van Nuys	7 - 25 Aug 95
DPRO Lockheed, Sunnyvale	18 - 29 Sep 95
DPRO Hughes, Tucson	24 Oct - 2 Nov 95
DPRO Rockwell, Canoga Park	5 - 14 Dec 95
DPRO Boeing, Seattle	17 - 25 Jan 96
DPRO Hughes, Los Angeles	12 - 22 Feb 96
DPRO McDonnell Douglas, Mesa	13 - 22 Mar 96
DCMAO Denver	16 Apr - 3 May 96
DCMAO St. Louis	29 May - 14 Jun 96
DPRO Northrop-Grumman, Hawthorne	10 - 19 Jul 96
DCMAO San Francisco	13 - 30 Aug 96
DPRO McDonnell Douglas, Long Beach	18 - 27 Sep 96

COAR Customer Service Standards

> Quality work is work that meets a pre-defined standard.

The COAR Customer Service Standards process includes the identification of customers, analysis of products or services, identification of measures, and commitment to meet the standards. The following are recently established standards for the Mission and Resource Evaluation Group:

CUSTOMERS	PRODUCT/SERVICE	GOAL
HQs, DCMC and DCMDW	Semiannual Report. Results of COAR reviews during 6 month period.	30 Days after reporting period. Due 30 Jan & 30 Jul
	Executive Report. Results of an individual COAR review.	20 days after review
	COAR reviews.	Conduct 10 reviews
O Directorate	COAR Debrief. Meeting with Process Champions to debrief results of review.	10 days after review
CAOs	Assistance during a COAR review.	80% or more positive response on Critique Sheets
	Corrective Action Plan Response. Provide feedback on CAPs.	15 Days after receipt

Improved COAR Process

Reference DLAD 5000.4, Part II, Chapter 9, Assessment Architecture Process.

The referenced One Book chapter requires that each Contract Administration Office be reviewed at least once every three years. The reviews are to evaluate the CAO's Unit Self Assessments (USA) and validate the organization's management, operational systems and processes. Using the Quality Improvement Criteria (QIC), the reviews are to identify areas of weakness, make recommendations for improvement and highlight best practices and benchmark opportunities.
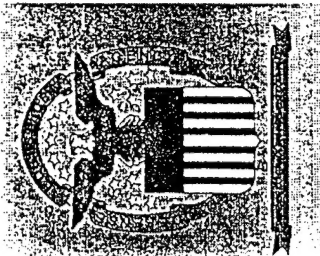
The Western District methodology of review is to pull a team of experts together and perform oversight of CAOs by reviewing their functions against the One Book processes. A corollary to this review is to evaluate CAO workload and provide a resource recommendation. Deficiencies are identified against One Book processes and assistance is rendered by the team members as required. The COAR reports are structured around the Quality Improvement Criteria (QIC) and Performance Improvement Criteria (PIC) categories, One Book processes, best practices, benchmarking opportunities and resource recommendations.

To improve the use of DCMC QIC and PIC in the evaluation of CAOs, an Assessment PAT with representatives from all Districts was convened at the Western District on March 22-23, 1995. The PAT developed a strawman process to perform District reviews of CAOs. Subsequent to the PAT, the Mission and Resource Evaluation Group held an off-site on April 11, 1995 to develop implementation guidelines for an improved assessment process.

The improved process is outlined in Figure 1. The process divides the review into two major elements. The first being a pre-visit evaluation of the CAO. The team reads the CAO's USA and gathers metric data. They review this information against QIC/PIC category 6, Business Results. In addition, the team talks to the CAO's customers and looks at other customer satisfaction data. This information is reviewed against the context of category 7, Customer Focus and Satisfaction. A PIC matrix of questions has been developed to assist the members in this review. The focus of this pre-visit activity is to determine which One Book processes need to be evaluated and to help validate categories 6 and 7 of the CAO's USA.

The second element covers the field activity visit. The team members review compliance to the selected One Book processes mostly against QIC/PIC category 5, Process Management. The team would document deficiencies using just two categories of "Observations" (those requiring Corrective Action Plans (CAPs) and those not requiring CAPs), instead of documenting results under five categories of "Findings." A key aspect of the improved review process is the determination of root cause for the Observation. This determination would lead the reviewer to other QIC/PIC categories, and a subsequent review of those categories using the QIC/PIC matrix. Assistance to help the CAO correct identified deficiencies will still be provided.
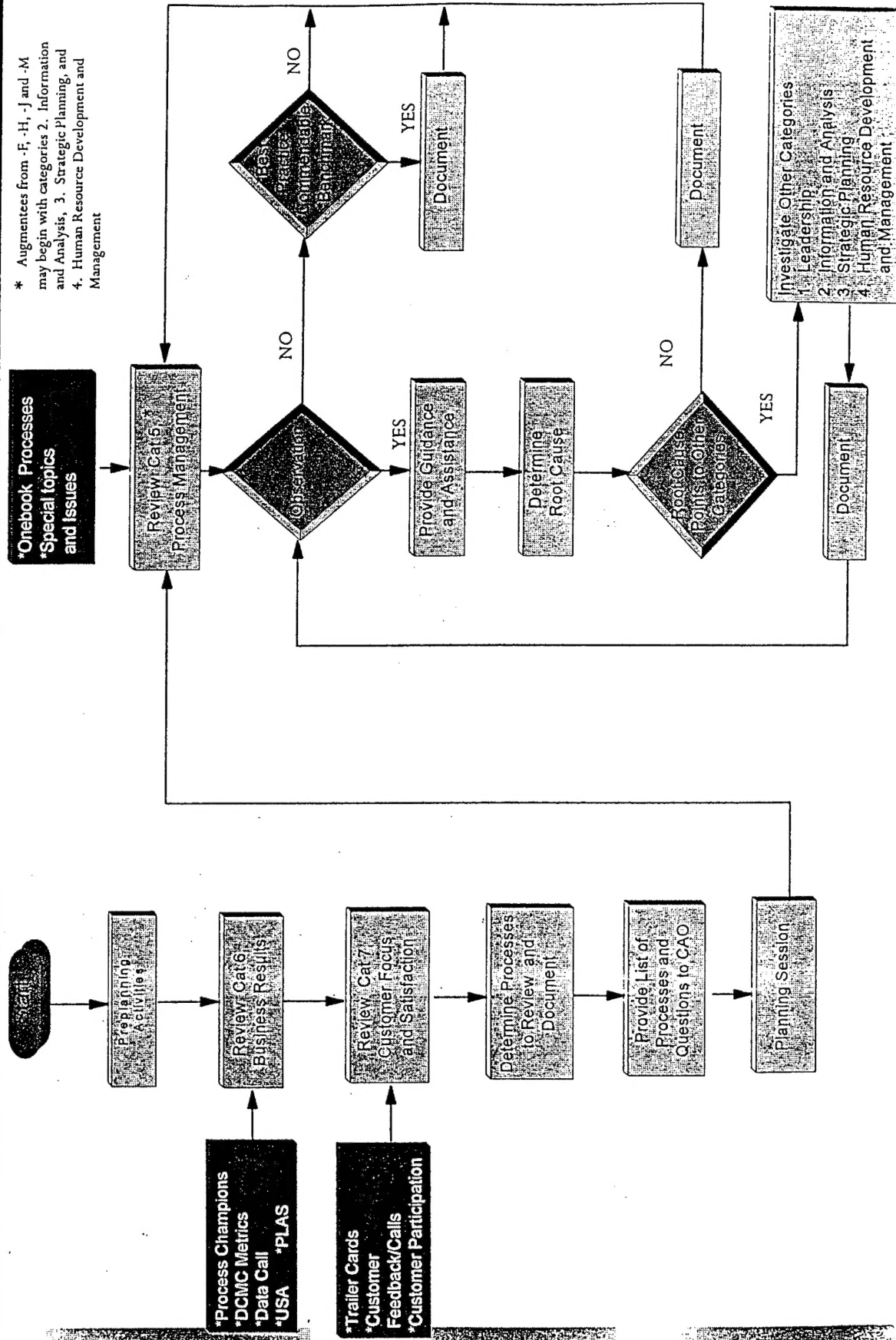
COAR PROCESS RELATIONSHIP TO PERFORMANCE IMPROVEMENT CRITERIA

PRIOR TO COAR REVIEW

DURING COAR REVIEW

* Augmentees from - F, -H, -J and -M may begin with categories 2. Information and Analysis, 3. Strategic Planning, and 4. Human Resource Development and Management

Prior to COAR Review flow:

Start → Preparing Activities → Review Cat 6 Business Results → Review Cat 7 Customer Focus and Satisfaction → Determine Processes to Review and Document → Provide List of Processes and Questions to CAO → Planning Session

*Process Champions
*DCMC Metrics
*Data Call
*USA   *PLAS

*Trailer Cards
*Customer Feedback/Calls
*Customer Participation

During COAR Review flow:

*Onebook Processes
*Special topics and Issues

Review Cat 5 * Process Management → Observation?
- YES → Provide Guidance and Assistance → Determine Root Cause → Root Cause Points to Other Categories?
  - NO → (loop back)
  - YES → Document → Investigate Other Categories 1. Leadership 2. Information and Analysis 3. Strategic Planning 4. Human Resource Development and Management
- NO → Feasible/Implementable Benchmark?
  - YES → Document
  - NO → (loop back)

Document

SECTION II -
COAR ORGANIZATION

Team Members

DCMDW COAR reviews are conducted by team members from the Mission and Resource Evaluation Group (DCMDW-OM). Within DCMDW-OM are two teams: (1) the permanent COAR team, and (2) the Data Analysis Team. The permanent COAR team members determine what processes are to be evaluated during a review and also recommend field office augmentees to participate in the review. Below are their names and office phone numbers followed by a brief description of their areas of responsibility.

1. Charlie Cheatham
   (310) 335-4250
   Mr. Cheatham serves as the Group Leader of the Mission and Resource Evaluation Group and provides direct support during all COAR reviews.

2. Venetra Green
   (310) 335-3639
   Ms. Green serves as the secretary for the Group Leader, and at times, she provides administrative support to the COAR team during COAR reviews.

3. Joyce Bradford
   (310) 335-4212 (to use call Federal Relay 1-800-877-8339)
   Ms. Bradford serves as a clerical aide and provides general assistance to both teams.

PERMANENT COAR TEAM

4. Barbbie Johnson
   (310) 335-4256
   Ms. Johnson serves as the COAR Team Leader. In addition to leading the COAR reviews, she schedules and oversees the team composition.

5. Ronald Widby, Maj. USAF
   (310) 335-3956
   Maj. Widby serves as a Process Team Leader for the Engineering processes and provides general planning and preparation for review of applicable processes.

6. Linda Bergen
   (310) 335-3688
   Ms. Bergen serves as an Acting Process Team Leader for the Product Delivery process and related processes, and provides general planning and preparation for review of applicable processes.

7. Frank Hare
   (310) 335-3848
   Mr. Hare serves as an Acting Process Team Leader for the Product Delivery process and related processes, and provides general planning and preparation for review of applicable processes.

8. Paul Caldarone
   (310) 335-4298
   Mr. Caldarone serves as an Acting Process Team Leader for those processes linked to the Industrial Specialists. He also determines what processes are to be evaluated prior to a COAR review and recommends COAR support team members with the proper skills mix.

9. Eddie Cryer
   (310) 335-3645
   Mr. Cryer serves as a Process Team Leader for Business Management and its related processes. He also determines what processes are to be evaluated prior to a COAR review.

10. Brent Rasmussen
    (310) 335-4290
    Mr. Rasmussen serves as a Process Team Leader for Industrial Property Management. He also determines what processes are to be evaluated prior to a COAR review.

11. Lawrence Smith
    (310) 335-4296
    Mr. Smith serves as an Acting Process Team Leader for those processes linking to Industrial Property, Transportation and Packaging. He also determines what processes are to be evaluated prior to a COAR review

DATA ANALYSIS TEAM

12. Jim Manley
    (310) 335-3334
    Mr. Manley serves as a Computer Specialist for both teams. He provides various data; i.e., PLAS and DCMC Metrics to the COAR team, prepares various briefing charts, and creates and maintains data bases for both teams as necessary.

13. Donald Riggs
    (310) 335-3973
    Mr. Riggs serves as a Data Analyst for the COAR team. He analyzes COAR results, prepares various briefing charts and also serves as the PQDR Process Champion.

14. Vivian Ocana
    (335-4111) Ms. Ocana serves as a Data Analyst for the COAR team. She analyzes COAR results and monitors COAR operations in accordance with Internal Management Control (IMC) requirements.

COAR Augmentees

The COAR reviews rely extensively on augmentees from the field offices, HQs and other Districts. This augmentation allows those experts who perform the mission on a daily basis to review other organizations and share ideas and experiences. The following offices have provided volunteers on COAR reviews:

Field Office	Number of Augmentees
DCMAO Santa Ana	6
DCMAO Chicago	7
DCMAO Denver	4
DCMAO San Francisco	2
DCMAO Wichita	6
DCMAO St. Louis	14
DCMAO Phoenix	4
DCMAO San Diego	7
DCMAO Twin Cities	2
DCMAO Van Nuys	2
DCMAO Seattle	3
DPRO McDonnell Douglas, Mesa	2
DPRO Boeing, Seattle	3
DPRO Lockheed-Martin, Denver	3
DPRO McDonnell Douglas, St. Louis	8
DPRO Rockwell, Canoga Park	4
DPRO Lockheed-Martin, Sunnyvale	2
DPRO McDonnell Douglas, Huntington Beach	2
DPRO Northrop-Grumman, Hawthorne	1
DPRO Thiokol, Brigham City	3
DPRO Hughes, Tucson	2
DPRO Boeing, Wichita	3
DPRO McDonnell Douglas, Long Beach	2
DPRO Hughes, Los Angeles	3
HQs DCMC	3
DCMDS	1
AF Reserves	2

SECTION III -
COAR RESULTS

Benchmarks

> Benchmarking is the activity of continuously identifying, measuring and comparing processes, products and services to those of recognized leaders. Benchmarking is a tool for continuous process improvement. Internal benchmarking is the process of comparing similar processes across the organization that are best in class.

An internal benchmark candidate was identified at DCMAO Phoenix in the Revised Delivery Forecast (RDF) area. The DCMAO has implemented a Joint Production Surveillance Program where their Quality Assurance Specialists (QARs) are conducting surveillance on all Category 2 contracts. Industrial Specialists (ISs) continue to perform surveillance on Category 1 and Category 6 contracts.

DCMAO Phoenix management and process owners have provided support, guidance and tools to the field to ensure that the process is successful. Management emphasis and support placed on this process has been responsible for increased RDF coverage in the DCMAO and its continued improvement and growth.

The DCMAO management and operations teams jointly established goals for RDF coverage. These goals cover a three year period for continued process improvement. The FY95 - FY97 goals for Phoenix are as follows:

	FY95	FY96	FY97
RDF Coverage	70%	80%	95%
+30 Day Coverage	25%	50%	80%

DCMAO Phoenix has already exceeded its 1995 goal. Since mid-year 1995, data shows an RDF coverage of 72%. Increases in this process are being realized, and RDF metrics are reviewed weekly by the team chiefs and Commander during the Commander's staff meetings. DCMAO Phoenix management's commitment to this process is regularly emphasized to assure customers receive their products when expected.

Before implementing this new surveillance program, CAT 2 surveillance was conducted by the CMAs with an average 59% RDF coverage. All CMAs and ISs were initially briefed on the process goals by the DCMAO Commander and technical subject matter experts, and expectations were established. Prior to implementation of this process, QARs were trained in the use of the CAR, 30/60 Day Advance Delivery Alert (ADA), Contractor Inventory Delinquency Report (CIDR), and the On-line Reporting System (ORS).

QARs now routinely utilize the CIDR, 30/60 ADA and the production person Workload report, as tools for production surveillance. After receiving these reports, the QARs perform technical

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surveillance and verify that the contractor can meet required contract delivery dates. When the QAR determines, through knowledge of the manufacturing cycle, that the contractor will not meet the delivery date, a revised delivery date is obtained and forwarded to the CMA.

The CMA inputs the RDF into the MOCAS database and maintains the documentation. DCMAO Phoenix recently acquired IS codes for all QARs conducting surveillance. This process is enabling surveillance personnel to readily identify contracts under their cognizance by sorting IS/QAR codes. This facilitates identification of potential problem areas in a more timely and efficient manner.

This process improvement has worked well since most of the QARs are already in the contractor's facilities on a regular basis and can readily observe progress on any given production contract. The use of QARs in conducting surveillance has also enabled the IS workforce to pursue higher priority work requirements; i.e., manufacturing system reviews, TSNs, preaward surveys, physical progress reviews and CAT 1 surveillance.

DCMAO Phoenix presently has metrics for tracking percent RDF coverage and percent anticipated RDFs input over 30 days in advance of scheduled delivery. Since recent guidance from DCMC requires QARs to suspend acceptance of deliverables after the delivery date has expired, emphasis is now being placed on anticipated RDF coverage. This will enable the business side of the house to have adequate time to contact the buying activity and carry out their direction by the recovery date of the contract. It also facilities contract modification prior to the recovery date.

Point of contact is Mr. Mark Dobson, DCMDW-GPTT, (602) 379-6170, ext. 162.

Best Practices

A "best practice" is a process that is executed in the most efficient, effective and controlled manner. It supports organizational objectives and is a valuable source to draw upon in determining actions to improve processes.

The following is a list of "best practices" recorded by the COAR team during this reporting period. This list identifies the CAO office, the number of "best practices" observed and the subject matter followed by a summary.

1. DCMAO San Diego
Number of Best Practices: 5

(a) SUBJECT: Team Leader Academy

Due to the mandate to reorganize the DCMAO into the "Store Front", the AO was presented with a new challenge--formally functional team leaders were assigned to supervise other functional specialists within multifunctional teams. To meet this challenge, the DCMAO established the "Team Leader Academy". Under this concept, weekly tutorials are scheduled for all team leaders to meet and present the roles and responsibilities of personnel within the AO. Functional specialists and subject matter experts present tutorials of different sections of the One Book (DLAD 5000.4) to the team leaders. They provide an overview, which is followed by a discussion and question and answer period. DCMAO personnel have found the weekly one-and-a-half hour tutorials very beneficial as it exposes them to other processes in the One Book beyond the sections they have expertise in. The Team Leader Academy concept is an excellent vehicle for providing cross training to members of multifunctional teams. It also provides a cost effective method for exposing personnel to training in processes formerly foreign to them and works towards making team members more rounded.

(b) SUBJECT: Utilization of the COMPASS and MOCAS Database

Two members of Team E have developed a system to utilize COMPASS and the COMPASS database to generate working lists for follow-up on contracts awaiting DFAS actions. They have worked out the field content and developed the report format and search criteria. Using COMPASS, a list of contracts containing their field content may be generated. This will list all contracts for an ACO team that meets that condition. COMPASS has an option to roll all ACO databases into one database; these searches and lists can include contracts for the entire DCMAO. This feature allows the ACO to quantify action in a defined area. Other DCMAO uses for this concept are to identify company fiscal actions, track final vouchers through closeout, and search for R9 Remarks field for contracts needing property actions. DFAS has requested copies of these generated reports on a monthly basis to work in conjunction with their reconciliation work list.

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(c) SUBJECT: <u>DLAD 5000.4 Process Compliance</u>

Members from Teams B and F took the initiative to develop a software program to facilitate their teams' risk assessment for process compliance under DLAD 5000.4 (One Book). This provides documented evidence for their teams' requirement for: (1) Unit Self Assessment under the Performance Improvement Criteria; (2) Risk Assessment under the Internal Management Controls Plan; and (3) Process Compliance under DLAD 5000.4, Contract Management.

(d) SUBJECT: <u>Property Administration Guide</u>

Standardized letters, forms and worksheets covering all areas of property administration were developed and loaded on a computer. This tool provides an excellent training guide for performing property administration for people with little or no property experience. Because of teaming, very little hands-on training need be provided. Also, team leaders can use this tool to familiarize themselves with property functions and what is required in administering contracts with Government property.

(e) SUBJECT: <u>On-Line Surveillance Plan/Charter</u>

Team E created an on-line surveillance plan data base to be used by all programs not requiring formal program surveillance plans. This computerized data base specifies contract requirements. It can also be used as a tool for contract review and can accommodate contract status (Remarks Section).

2. DCMAO Phoenix
Number of Best Practices: 5

(a) SUBJECT: <u>PROCAS Facility Plan</u>

The PROCAS process per DLAD 5000.4 at the Honeywell Facility in Albuquerque, NM was reviewed by the COAR team. It was found that the PROCAS Facility Plan that was being utilized by the Quality Assurance personnel at that facility was commendable in nature. This facility plan establishes a uniform method to document and organize PROCAS activities. The plan is generic in the implementation of PROCAS QA and can be used with minimal changes at other PROCAS facilities. The forms listed in Appendix A of the plan can be utilized to tailor this plan to individual facilities or major components within a facility. With the use of the forms and directions given in the Facility Plan, QARs/QASs are able to implement and maintain an effective PROCAS system at each facility.

(b) SUBJECT: <u>Technical Team Operations Plan</u>

The DCMAO Phoenix Medium Team (GPOC) has put together an operations plan which provides for a thorough workload evaluation and prioritization process. The plan starts with a skills matrix of team personnel, includes a Facility Quality Assurance risk assessment model, a Process Prioritization Model, and a Contract QA Process Risk Assessment Model. These models are

comprehensive and easy to implement. Additionally, the plan includes Technical Team instructions (TTIs) which provide guidance for setting up and implementing standardized contract surveillance programs IAW DLAD 5000.4. Use of this plan should institutionalize and facilitate implementation of Contract Administration Service tasks.

(c) SUBJECT: <u>Software Surveillance Plan</u>

The DCMAO Phoenix Technical Assessment Group (TAG) has put together a standardized software surveillance plan, tailorable to specific development contracts and situations. The plan contains all essential elements of DLAD 5000.4 and various software publications. Additionally, the AO has developed a software surveillance workload staffing tool to determine current and projected personnel needs. Use of this plan should institutionalize and facilitate implementation of Contract Administration Services (CAS) surveillance tasks.

(d) SUBJECT: <u>Production Modeling</u>

DCMO Albuquerque took the initiative to obtain a computer model from the Air Force. The DCMO modified the computer model so that it could be used to model production. The DCMO then used the computer model to model the Russian Fissile Material Container Program at SEG (which is a DX rated program). The DCMO used these results and many site visits to develop a formal production readiness review. The production critical path was also identified. The DCMO negotiated with SEG on potential production deficiencies predicted by the model. Because the DCMO had statistical data, SEG agreed to make the necessary changes to their production systems.

(e) SUBJECT: <u>Internal Operations Self-Assessment (Contracting Processes)</u>

The DCMAO Phoenix Technical Assessment Group (TAG) developed, implemented, reviewed, and followed-up on an internal Staff Assistance Visit (SAV) for all DLAD 5000.4 (One Book) processes. The reviews were conducted in November and December 1994. Especially noteworthy is the part of the SAV dealing with those contract administration processes normally associated with ACOs and Contract Administrators. The review focused not only on the compliance issues but also on file folder maintenance and day-to-day issues that the DCMAO Phoenix contracting personnel must deal with. The TAG has also set suspense dates to assure that the various CAO teams follow-up and address the SAV identified issues. The COAR team validated the process and the SAV results, and found an high correlation between the SAV findings and independent findings discovered by the COAR team.

3. DPRO McDonnell Douglas Huntington Beach
   Number of Best Practices: 1

(a) SUBJECT: <u>One Book Indoctrination and Process Instructions</u>

The DPRO formed a team to perform a top level review of the One Book processes and all other tasks performed by the DPRO. The team developed a task responsibility assignment matrix, reviewed the One Book for chapters that are applicable to the DPRO, and determined which of the

applicable chapters needed "Detailed Process Instructions (DPIs)". The team then developed a schedule to complete the DPIs. The draft instructions showed who was responsible for the process and how the process was to be implemented.

4. DCMAO Santa Ana
Number of Best Practices: 2

(a) SUBJECT: <u>Termination for Convenience</u>

Expiring funds identification, and targeting and using milestones to close overage terminations was identified as a Best Practice at DCMAO Santa Ana. The DCMAO has identified the expiring funds date immediately upon opening the termination action, which allows for prioritizing the entire termination workload in order to capture expiring funds. The terminations group developed milestones for each docket. The team leader reviewed the milestones monthly for each case and adjusts workload priorities based upon the monthly review. This best practice will enhance the capture of expiring funds and better manage the workload.

(b) SUBJECT: <u>PROCAS</u>

The PROCAS team at DCMO Loral Aeronautic developed a joint effort with the contractor in implementing process improvements by means of a joint surveillance approach. The PROCAS team identified the customers and suppliers of each critical process and a methodology to prioritize management's focus. A formal set of policies, procedures and mechanisms were agreed upon to provide the framework for the establishment of a system of mutual process teams, with defined charters and goals. The outcome of this joint effort has proven its benefit as evidenced by a vast improvement in combined metrics, both in supporting processes and flowdown goals. Also, a value added benefit from this effort is the attainment of significant reductions in unit cost for Loral's products, a reduction in delinquency rates, and an efficient contract administration by the DCMO.

Summary of Findings

The COAR documents the results of its reviews through the use of Findings and Observations. Findings are those processes found to be deficient, weak, or in need of improvement. Observations include those processes identified as being managed well or those found to be most effective. Based upon the criticality or nature of the process, the COAR team grouped these findings and observations into five categories: Critical, Major, Minor, Opportunity for Improvement (OFI), and Commendable (includes Best Practice). For the five CAOs reviewed during this reporting period, the total number of findings, observations and others recorded are as follows:

Critical	Major	Minor	OFI	Commendable	Best Practice	Benchmark
0	10	144	81	26	11	1

The following is a summary of major and minor findings found to be systemic within the District. A finding is considered systemic if it is a Major finding addressing the same One Book process and is found in at least two CAOs. Similarly, a Minor finding that addresses the same One Book process in three or more CAOs is considered systemic. All CAOs reviewed were made aware of their specific findings so that they could effect immediate corrective action.

Part II, Chapter 1 - PROCESS ORIENTED CONTRACT ADMINISTRATION SERVICES

a. Summary of Findings: Ten minor findings were recorded. The weaknesses included: (1) Corrective Action Requests (CARs) were being closed prior to corrective actions being accomplished, (2) product or process audits were not documented, and (3) risk assessment criteria were not utilized to develop lists of potential PROCAS candidates

b. Recommendations: Ensure that closed CARs have follow-up action and that logs reflect the follow-up effort and document completed product or process audits. Develop guidelists to utilize risk assessment criteria to formulate a comprehensive list of potential PROCAS candidates.

c. Assistance Provided: The COAR team demonstrated a method of sorting and analyzing product audit data for use by Quality Assurance Representatives (QARs) which would assist in determining internal audit requirements and to identify when audits can be removed.

Part II, Chapter 5 - CONTRACT ADMINISTRATION FUNCTIONS PERFORMED ON A REIMBURSEMENT BASIS

a. Summary of Findings: One major finding and eighteen minor findings were identified. The primary topics included: (1) agency site plans did not adequately address how to ensure that subcontractor plans were prepared and submitted as required, (2) there was a lack of current methodologies to review and evaluate the contractor's quality program, (3) information requested in

letters of re-delegation did not correspond with the requirements in the original delegation, and (4) there was no documentation that supported whether Mandatory Inspection Points (MIPs) were being designated.

b. Recommendations: The COAR team recommends that CAOs flow down requirements to sub-tier QARs to assure subcontractor quality plan submissions and required status reports are provided in monthly sub-tier reports, and establish a process to review and evaluate whether sub-tier efforts satisfy delegation requirements. The COAR team recommends that CAOs maintain documentation to assure that critical MIP points have been designated.

c. Assistance Provided: The COAR team provided awareness debriefings to management on identified deficiencies.

Part II, Chapter 6 - REPORTING AND TRACKING OF REIMBURSABLE EARNINGS

a. Summary of Findings: Nine minor findings were recorded. Weaknesses included: (1) reimbursable data was not being recorded on DD Form 1682A, or varied from personnel times recorded on DCMDW Form 121 (Time and Attendance), (2) revisions to the estimated hours shown on DLA Form 1793 were not annotated or documented in the DCARRS DLA Form 1680 records, and (3) the DLA Form 1680 records were not forwarded to the Program Office for action.

b. Recommendations: The COAR team recommends the establishment of a check-and-balance process to validate all reimbursable hours reported and to insure requested revisions are approved via DLA Form 1793. The DLA Form 1793 is to be accompanied by proper documentation. The current estimated hours in DCARRS is to match estimated hours.

c. Assistance Provided: The COAR team provided on-site training on how to accurately forecast estimated reimbursable hours and to properly use the DCARRSs system.

Part V, Chapter 1 - PROPOSAL ANALYSIS

a. Summary of Findings: There were eight minor findings related to proposal analysis. Repetitive findings were related to (1) misclassification of pricing cases in the Automated Pricing Case Register (APCR), (2) due date revisions were either not being annotated on DLA Form 1542 or not revised in the APCR, (3) incomplete APCR data such as dates that assist requests were made and dates the assist reports were received, (4) accepting revised due dates from "suppliers" for unwarranted reasons, and price analyst's and/or ACOs not fully reviewing the assist reports for completeness, adequacy, quality, and added value to negotiators. Technical Support to Negotiations (TSNs) was identified as an area for improvement, particularly concerning the Government technical representative's recommendation rationale and lack of explanation on contractor's proposal rationale. Single point observations in this area included (1) not assuring that pricing reports specifically answer all of the customer's questions, (2) not providing customers with adequate input for profit determination, (3) deferring issues back to the customer instead of developing recommended

positions, (4) not interfacing with customers up front prior to conducting reviews (both "in-house" and "external" customers), (5) not pursuing the return of customer feedback forms (DLA Form 715 for price analysts and blue "trailer cards" for others), and (6) not having/utilizing TSN registers.

b. Recommendations: Maintain updated DLA Forms 1542 and APCRs. Annotate 1542s with reasons for granting due date extensions and the name and date that the original requester (i.e., the buying command) authorized the extension. Request due date revisions or extensions from customers that are based upon changes in requirements or changes in the scope of review as opposed to extensions caused by poor workload management or a lack of timeliness by others. Thoroughly review assist reports (TSNs, DCAA audits, pricing cases, etc.) for adequacy, quality, value added, and provide customers specific answers to their inquiries, including a sound basis for profit determination. In addition, when conducting technical reviews, provide customers with detailed rationale in pricing and TSN reports that will allow customers to negotiate from supported positions of strength. The most important recommendation is to develop a self-assessment processes where, on a quarterly or semiannual basis, strengths and areas of improvement can be identified and addressed.

c. Assistance Provided: COAR team assistance included on-site discussions, guidance, and advice. Assistance comprised of functional element group discussions concerning APCRs and customer expectations, one-on-one advice and guidance based upon DLAD 5000.4 (One Book) requirements, reviews of Appendix C from Part III, Chapter 2 of the One Book, and discussions on providing value added in reports being used as a basis for negotiations. Assistance also took the form of providing examples of detailed, comprehensive TSNs and pricing reports.

Part VI, Chapter 6 - PRODUCT QUALITY DEFICIENCY REPORTS (PQDRs)

a. Summary of Findings: There were five minor findings concerning the PQDR process. Although the findings addressed different aspects of the PQDR process, they were associated with DLAR 4155.24, Product Quality Deficiency Report Program. The primary issues were: (1) exclusion of the CAO Commander on Category I deficiencies, and (2) lack of a statusing mechanism to assure that exhibits were tracked and assure that disposition had occurred.

b. Recommendations: The COAR recommends that the PQDR process be reviewed at the local level to assure that DLAR 4155.24 requirements are being met.

c. Assistance Provided: The COAR team provided on-site awareness instruction and training concerning DLAR 4155.24, and training directed towards the proper procedures for flowing the PQDR through the process.

Part VI, Chapter 9 - ENGINEERING, DESIGN AND DEVELOPMENT EVALUATION

a. Summary of Findings: There were four minor findings recorded. Each finding concerned weaknesses in reviewing incoming contracts to determine engineering surveillance requirements. Not reviewing incoming contracts has been a root cause for lack of engineering surveillance plans in many cases. In addition, not reviewing contracts to determine engineering requirements has resulted in a truncated understanding of the true workload.

b. Recommendations: The COAR team recommends the establishment of a systematic process wherein subject matter experts review incoming contracts in order to assure that engineering requirements are understood and communicated. Also, recommend "back reviewing" existing contracts to develop and implement engineering surveillance plans when required.

c. Assistance Provided: The COAR team provided assistance by sharing known, successful processes from other CAOs. In addition, discussions and brainstorming conversations were conducted with respective subject matter experts.

Part VI, Chapter 10 - CONTRACTOR PERFORMANCE MEASUREMENT (CPM)

a. Summary of Findings: Two major and four minor findings were recorded for this One Book process. The deficiencies include: (1) CPM system surveillance not accomplished as required and as described in the surveillance plan, (2) a lack of finalized surveillance plans, (3) PST members not fully utilized in the conduct of system surveillance reviews, (4) some estimates at completion lacked supporting rationale, and (5) a team approach to surveillance was not being used.

b. Recommendations: Ensure CPM surveillance plans are developed and implemented. PST members should participate in routine system surveillance and establish joint surveillance with DCAA and all contractors with a C/S requirement. Formally assign CPM monitors to the PST and include this in MOAs for programs with C/SCSC requirements. CPM monitors should share information/guidance provided by the District with PST members responsible for C/SCSC. CPM monitors should be cognizant of all C/S programs within the CAO and Contractor Performance Measurement System Descriptions need to be on file for each C/S program. Utilize risk assessment in determining what Cost Account Manager (CAM) reviews should be accomplished.

c. Assistance Provided: The COAR team conducted overviews of the requirements with CPM managers and provided specific comments keyed to specific CAO's surveillance plans.

Part VI, Chapter 21 - PRODUCT AND MANUFACTURING ASSURANCE

a. Summary of Findings: One major and five minor findings were recorded for this One Book process. The deficiencies include: (1) lack of or incomplete production and manufacturing surveillance plans, (2) customers were not given advance notification of delays-in-delivery, (3) lack

of Revised Delivery Forecasts (RDFs), (4) production history information not recorded in MOCAS, and (5) contracts under production surveillance improperly categorized.

b. Recommendations: Ensure surveillance plans are developed and maintained. Notify buying activities of anticipated contract/line item delinquencies. Improve the MOCAS database accuracy and update/improve production history and production complete action processes. All technical specialists performing the production surveillance function should receive MOCAS training. Review production contracts for the proper surveillance category.

c. Assistance Provided: RDF focal points and CAO management were made aware of current policy and guidelines.

Part VIII, Chapter 5 - PLANT CLEARANCE

a. Summary of Findings: Fourteen minor findings were recorded in this One Book Process. The deficiencies include: (1) proper inventory conditions codes were not utilized, (2) plant clearance cases were not opened within 15 days after receipt of inventory schedules, (3) inventory schedules were not consolidated into one case file when applicable, (4) sampling plans for inventory verifications were not utilized, (5) limited screening requirements with General Services Administration (GSA) were not followed, and (6) plant clearance cases were incorrectly entered into the plant clearance DCMC Automated Disposition System (DADS).

b. Recommendations: Review open cases for inventory schedules with missing or improper codes and rescreen with appropriate agency/activity. If plant clearance cases cannot be opened within the 15 day time frame, case files should be annotated with a reason for the delay. Consolidate inventory schedules applicable to one contract at a same location into one case file. Use a sample plan specified in the One Book for inventory verification. Screen only items with acquisition costs of less than $1,000 with GSA to avoid duplication of Defense Reutilization and Marketing Service (DRMS) screening. Review nonreportable cases for proper classification when transferred to the new DADS database.

c. Assistance Provided: The COAR Team reviewed and discussed proper condition coding of work-in-process inventory. Conducted on-the-job training concerning allocability/allowability of terminated inventory during visits to contractor facilities. Assisted in revising a scrap disposition letter to allow for more timely closing of cases. Conducted discussions with TCOs and Plant Clearance Officers (PLCOs) concerning the importance of the PLCOs' role with "terminated" contractors. Reviewed inventory schedules with PLCO to eliminate the possibility of government furnished property becoming a part of the contractors' settlement proposals. Opened/closed plant clearance cases to reduce plant clearance overage. Provided training to contractor personnel to better coordinate disposition instructions concerning informal sales and shipping instructions.

Part XI, Chapter 5 - PROGRESS PAYMENTS

a. Summary of Findings: There was one major and three minor findings regarding progress payments. The most repetitive subjects concerned (1) inadequate or missing technical reviews and failure to compare and analyze physical progress with financial expenditure, (2) DLA Form 325 was not being consistently used (which includes physical progress and financial expenditure percentage data), (3) Estimates-to-Complete (ETCs) and Estimates-at-Completion (EACs) were not being reviewed or validated, and (4) fair value tests were not being conducted.

b. Recommendations: The findings indicate that primary areas for improvement are in upgrading the depth and breadth of technical progress payment reviews, validating and/or reviewing EACs and ETCs, enhancing price analyst's comparison and analysis of physical progress to financial expenditure percentages, and having ACOs perform fair value tests on each progress payment. The bottom line recommendation is to perform and record in-depth analyses at all intervals in the progress payment process. Technical personnel need to analyze ETCs and/or EACs, develop physical progress percentages from either physical measurements (not time cards, invoices, or overhead costs) or physical counts, and assure that progress payment reports fully indicate the physical progress of the contract. Price analysts need to review assist reports for adequacy and quality to assure that the reports contain sufficient breadth and depth to conduct a meaningful analysis of physical progress compared to financial expenditure. Use of DLA Form 325 should always occur as it places the two percentages side-by-side and requires the price analyst to comment on the status of each. ACOs need to conduct fair value tests in all cases. ACOs need to comprehensively review the price analyst's report to assure that all aspects of the progress payment review process were addressed and that sufficient information was supplied to assure that a fact-based decision could be made. Reports, from any source, that do not meet the standards required to make informed decisions should be returned to the supplier of that report for revision. An additional recommendation is to develop a self-assessment process that would identify strengths and areas of improvement on a periodic basis.

c. Assistance Provided: COAR team assistance included on-site discussions, guidance, and advice. Assistance comprised of functional element group discussions concerning analysis of physical progress and financial expenditure, one-on-one advice and guidance based upon DLAD 5000.4 (One Book) requirements for pricing, technical, and contracts personnel. The COAR team provided computer generated fair value tests, and held discussions on providing value added in reports being used as a basis for determining progress payment amounts and frequency of reviews. Assistance also took the form of providing examples of progress payment reports for both technical and price analyst personnel.

Part XI, Chapter 6 - LIMITATION OF COST OR FUNDS FOR COST TYPE CONTRACTS

a. Summary of Findings: Three minor findings were prepared regarding cost or funding limitations on cost contracts. The findings concerned (1) failure to seek or conduct reviews that would provide visibility into the status of the cost contract as they relate to costs, funds, and schedules, (2) Cost Funds Status Reports (CFSRs) were not completed and analyzed as required nor

were DLA Form 1069 (Funds Analysis Control) forwarded to PCOs, and (3) Cost/Schedule Status Reports (C/SSRs) were not sought as needed. Another issue was that ACOs were not assuring that contractor's inform them when expenditure milestones would be reached (i.e., 75% to 85% of the estimated cost).

b. <u>Recommendations:</u> ACOs need to reaffirm with contractors the need for them to notify the CAO when financial milestones would be reached. Most importantly, ACOs need to request, analyze, and forward those reports to keep PCOs informed of the cost contract status. Such actions would help preclude serious problems at an early stage.

c. <u>Assistance Provided:</u> The COAR Team performed one-on-one discussions with ACO teams. The discussions encompassed the need and value of conducting such reviews.

OTHER PROCESSES REVIEWED:

Training Requirements - DLAM 8220.4

a. <u>Summary of Findings:</u> There was one major finding and three minor findings concerning mandatory and other DLA training requirements. All of the findings focused upon the Quality Assurance Technical Development Program (QATDP). Several issues were prominent: (1) personnel were performing quality assurance duties in commodity areas in which their certifications had not been attained or had expired, (2) personnel requiring training for Non Destructive Testing (NDT) had not received such training or had not been recertified, yet were accepting products that require NDT inspections, (3) personnel performing duties in commodities requiring visual acuity examinations did not have current examinations, and (4) recording and tracking certifications, recertifications, and job requirements were not done in all cases.

b. <u>Recommendations:</u> The COAR team recommends that CAOs ascertain which personnel need NDT recertification, and which duty locations require specific commodity certifications. The CAO should utilize recording and tracking capabilities to assure that personnel receive training as required, and assure that visual acuity examinations are up to date.

c. <u>Assistance Provided:</u> The COAR team provided awareness debriefings to CAO management on the above situations.
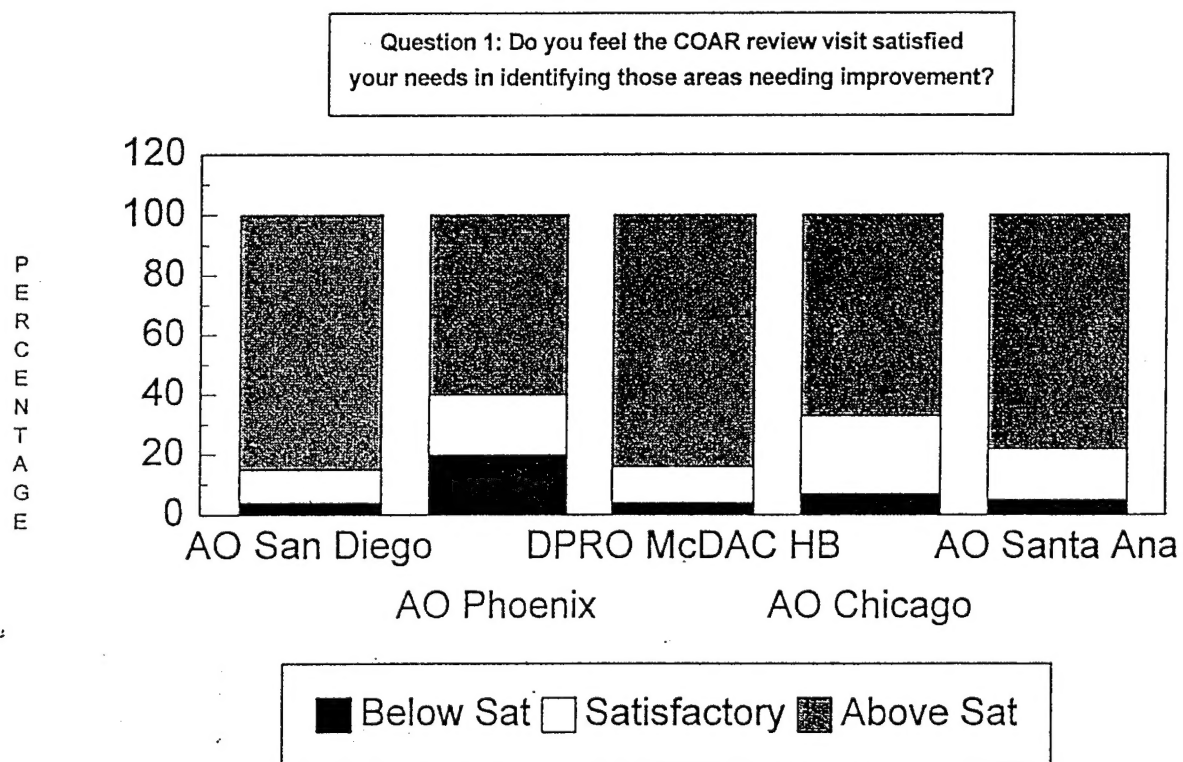
COAR REVIEW SCORECARD

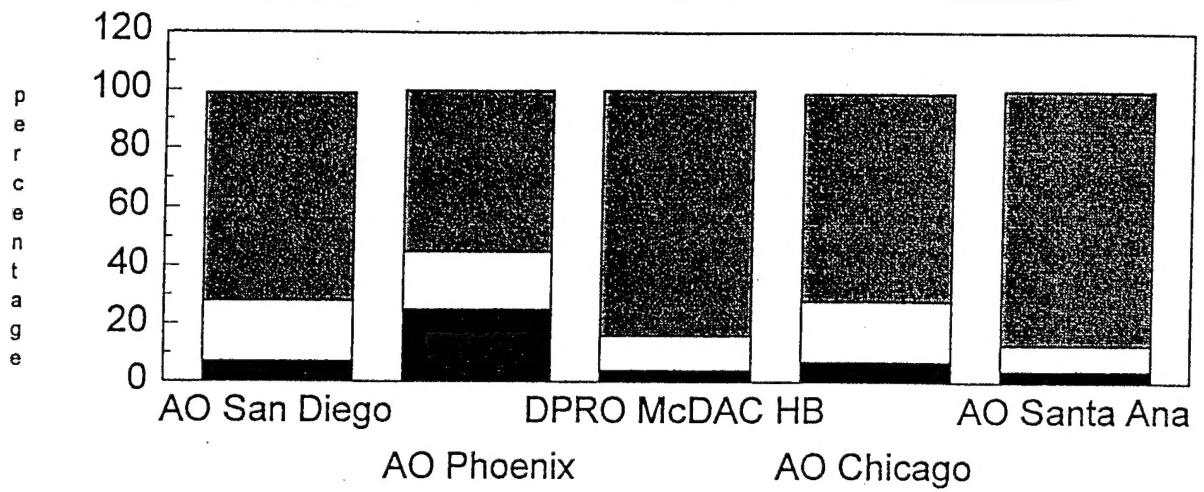| Codes	CAO's	Bench mark	Best Practice	Commendable	OFI	Critical	Major	Minor	Total
GD	DCMAO Denver		1	13	41		9	76	140
GC	DCMAO Chichago			4	28		3	49	84
GA	DCMAO Santa Ana		3	3	26			40	72
RX	TRW			2	29		4	28	63
RT	McDD Mesa				2	2	4	47	55
GL	DCMAO STL		2	4	20		1	28	55
GP	DCMAO Phoenix	1	5	7	16		2	24	55
GT	DCMAO Twin Cities		1	1	14		2	35	53
RC	Martin Marietta		1	5	20			27	52
RP	Hughes Fullerton		1	8	16		6	24	50
RZ	Hughes L.A.			5	13		5	23	46
RD	McDD STL		2	2	16		4	18	42
GS	DCMAO San Diego		4	7	8		4	17	40
RO	UDLP San Jose		1	3	12		3	20	39
GW	DCMAO Seattle			3	13		2	17	35
RR	Thiokol UT		1	1	13			16	31
RH	Honeywell ALT		1	2	10		1	14	27
RF	UDLP Minn				16			10	26
GK	DCMAO Wichita				14			9	23
RM	McDD H/B		1	2	4			15	22
RW	Boeing Wichita		2	1	7			8	18

Customer Satisfaction Results

Following each COAR review, Critique Sheets are provided to CAO personnel for feedback and are used to measure customer satisfaction and improve COAR operations. Three main areas of concern, which consists of three questions, are analyzed.

The results indicate that the Mission and Resource Evaluation Group customer service standard of better than 80% positive response is being maintained.
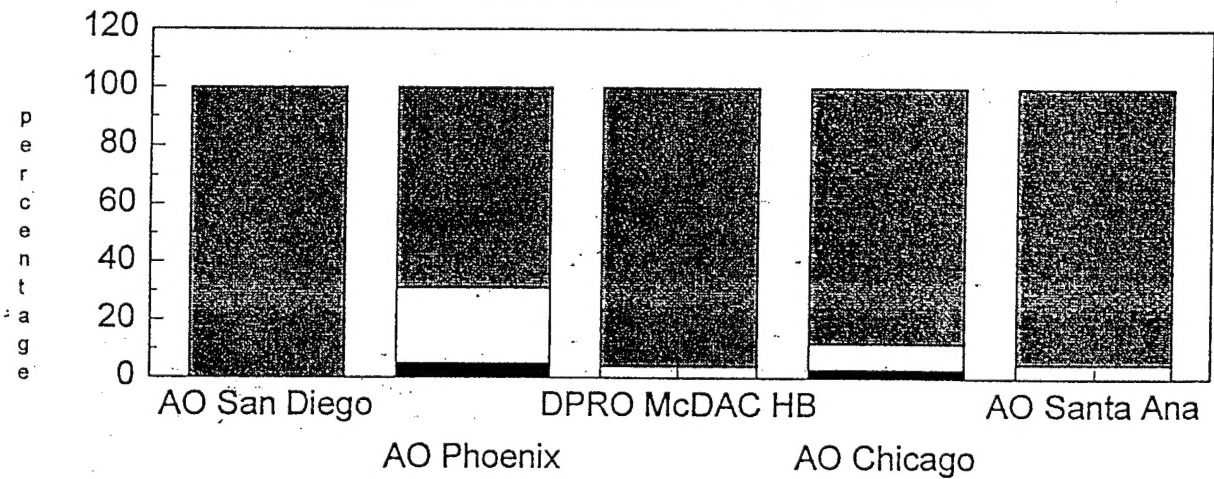
Question 1: Do you feel the COAR review visit satisfied your needs in identifying those areas needing improvement?

PERCENTAGE

Below Sat ☐ Satisfactory ▨ Above Sat

AO San Diego   DPRO McDAC HB   AO Santa Ana
AO Phoenix   AO Chicago

Question 2: Were you satisfied with the level of assistance given in providing solutions and/or corrections to identified improvement areas?

Question 3: Was the assistance visit conducted professionally?